



IN-HOUSE OR OUTSOURCED BILLING

Medical billing is one of the most complicated aspects of running a medical practice. With thousands of possible codes for diagnoses and procedures, and multiple payers, the ability to have efficient billing is a real challenge. There isn't a one size fits all solution when it comes to medical billing, but the two main options are in-house billing through a Practice Management System (PMS), with or without an Electronic Medical Record (EMR), or outsourcing to a medical billing company.

In-house

Staff of the Clinic or Health Department are responsible for all aspects of Revenue Cycle Management. They submit claims to a clearinghouse or directly to Medicaid or the insurance company for reimbursement, set charges, collect patient fees and manage the accounts receivable.

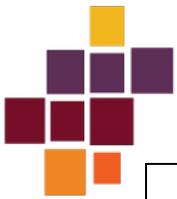
Outsourced

Providers may outsource their medical billing to a third party known as a medical billing service. These billing services typically take a percentage of a practice's collections as payment for managing many aspects of the Clinic's Revenue Cycle Management. There may be recurring monthly fees as well.

In order to determine whether to keep billing services in-house or to outsource them, a cost-benefit analysis should be completed to weigh the costs of billing to your agency in terms of personnel, training, technology, and other resources versus the cost of contracting with an outside organization.¹

For more information read Chris Thorman's article, '[Should You Outsource Your Medical Billing?](#)'.

¹ Thorman, C. *Should You Outsource Your Medical Billing?* March 6, 2010. <http://profitable-practice.softwareadvice.com/when-should-you-outsource-your-medical-billing-1032610/>



Clearinghouse

A clearinghouse is a company that accepts electronic claims from a medical group’s practice management software (PMS). They "scrub" the claims, looking for obvious possible reasons for rejections, for example, if the date of birth is missing on the claim. They then put the claims in a universal format and electronically send them off to the insurance companies for processing. Some clearinghouses provide more services than others. Often clearinghouses partner with individual practice management systems. The PMS company recommends or contracts with the clearinghouse. Sometimes the medical group pays the clearinghouse directly, other times it is included in the service bill from the PMS. Fees are usually charged on a per claim basis with a minimum charge.

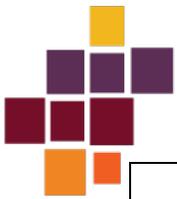
Outsourced Billing

Outsourced billing services on the other hand provide comprehensive Revenue Cycle Management. An outsourced billing services company will have its own PMS and they will outsource to the clearinghouse for claim scrubbing and submission. Outsourced billing service companies usually charge a percentage of revenue collected.

In-house vs. Outsourced Billing Considerations

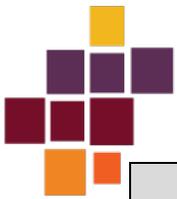
Below are some of the “Pros” and “Cons” and considerations you may want to explore before making the decision to bill in-house or use outsourced billing services.

In-house Pros:	Outsourced Pros:
<ul style="list-style-type: none"> • If existing employees have the capacity to execute medical coding and billing, providers and administrators appreciate having hands-on control of financial operations through in-house billing. • Once a practice has invested in training medical billers and purchasing billing technology, moving to an outsourced solution means losing lots of time and money spent. 	<ul style="list-style-type: none"> • Especially if a clinic is starting up, outsourcing is less expensive. <p>An outsourced billing company should offer:</p> <ul style="list-style-type: none"> ○ State of the art billing software. ○ Access to individuals with expertise in medical coding and billing. ○ Access to staff who are up-to-date with



<p>When there is infrastructure in place, it's worthwhile to just refine existing billing processes to generate the best return on investment.</p> <ul style="list-style-type: none">• Should issues arise, the accessibility of your in-house billing department is a major advantage, since all it takes to observe the billing process and address any problems is a walk across the office floor.• There are now many web-based practice management systems. This reduces the need to purchase expensive hardware and special networking systems. Updates to software are made automatically. The system is always current.• Maintaining patient confidentiality is one of the most important issues for STD clinics. In-house billing allows for strict control over patient accounts.	<p>regulations and recent changes to regulations. (Keeping clinic staff and billing systems up to date with the latest billing rules can be time consuming for providers and health department administrators.)</p> <ul style="list-style-type: none">○ Coding and billing rules and regulations training for clinic staff.○ Timely and effective accounts receivable management.○ Ability to identify coding or registration problems and able to communicate those problems to appropriate staff when necessary. ²○ Supply the clinic with comprehensive performance reports and data extracts automatically or upon request.○ Appeal denials, with a certain level of success.
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² Kern County Public Health Services. California's Innovative Immunization Billing Project Plan, 2011. http://psbweb.co.kern.ca.us/PH_Internet/pdfs/HotTopic/FinalCaliforniaBillingPlan.pdf

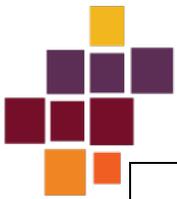


In-house Cons:	Outsourced Cons:
<ul style="list-style-type: none"> • Upfront expenses include labor, costs for technology, hardware, billing software and training; and on-going expenses for maintaining the billing system. • If the training and billing capacity of staff is not kept up to date, there can be higher rates of denials, un-appealed claims, and lower reimbursement rates. • If the billing department consists of only one or two staff members, the operations – and cash flow – can be disrupted when even just one employee gets sick, goes on vacation, takes a leave of absence or quits altogether. 	<ul style="list-style-type: none"> • Loss of control of the work being performed. • Possible misunderstanding of contractual agreements. • HIPAA privacy and security can become a greater concern when outsourcing the billing. • Typically billing service fees from outsourced companies are based on a percentage of collection and the fee is generally higher per claim for lower volumes of claims. • Some billing companies will not contract with small sites; they may have a minimum number of claims for them to contract with a clinic.

Billing Services Considerations:

Billing Internally

- Does the clinic or health department considering billing have the internal knowledge and/or capacity to bill for services? If not, how will you build that capacity?
- Who will lead the process of establishing and overseeing billing?
- Is the clinic or health department billing for other services, such as immunization, family planning or TB? Could the STD clinic partner with other programs to leverage the associated costs and responsibilities?

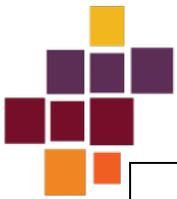


Outsourced Billing

- Are there other clinics, service sites, or providers with which your clinic could form an partnership to attain the minimum number of claims for contracting?
- Even if the clinic selects an outsourced billing company, many billing activities must be maintained within the clinic. For example, insurance verification, demographic information collection, patient registration and copay collections. How will these services be maintained?
- How does the clinic want to handle bills and balances that are the patient's responsibility?
- Does the clinic want to maintain control of all direct communications with the patient?

Considering a Billing Company

- Is the billing company local? Can you meet with them in person? Or is it a virtual relationship? Is the clinic comfortable with that arrangement?
- To which insurance carriers does the billing company submit claims electronically?
- How will the billing company provide the STD clinic with assurances regarding sensitivity and confidentiality when communicating with patients? Will the billing company be sending any bills, inquiries or speaking with the patients?
- How will the outsourced billing staff be trained regarding the unique concerns of STD patients?



What are the terms of the contract?

- Beware of hidden fees. Read the contract carefully. Are there startup charges? Fees for things like printing statements or sending reports? What happens if the contract is cancelled prior to its termination date? Make sure the money saved by outsourcing isn't offset by a multitude of "fine-print" charges.³
- What is the length of the contract? Again, are there fees for early termination?
- How will hardship discounts be handled?
- Is the billing company comfortable with a flexible patient billing policy? For example, if no one will be sent to collections or no bills will be sent to patients' homes.
- Who will be responsible for credentialing or re-credentialing? Is that a service they offer? If yes, are there any additional fees for this service?
- How do they post rejections and denials?
- Are the rejections and denials tracked? If so, request a copy of a sample report. Ask them for three references.
- What standard reports does the billing company provide and how often?

**STDTAC/Jan. 2014.*

³ Young, M. In-House vs. Outsourced Medical Billing: Pros and Cons. <http://www.poweryourpractice.com/revenue-cycle-management/in-house-vs-outsourced-medical-billing-pros-and-cons/>